

## TEACHERS' RETIREMENT SYSTEM

### REGULAR MEETING

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SUBJECT: Relocation Expenses

ITEM NUMBER: 9

ATTACHMENT(S): 2

ACTION: X

DATE OF MEETING: July 13, 2000

INFORMATION:

PRESENTER: Peggy Plett

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The Department of Personnel Administration has established rules regarding payment of relocation expenses for persons who are required to change their place of residence in order to accept employment with the State. These rules would apply for CalSTRS exempt appointments, such as the Chief Investment Officer. The allowed relocation expenses include:

- ◆ Reimbursement for the expenses for the movement and storage of household goods necessary for the maintenance of one household (excluding items connected to a for profit business.)
- ◆ Actual moving costs for moving 11,000 pounds of household goods, with an exception process for weight in excess of the statutory limit.
- ◆ Travel from the old to the new residence is authorized at 9 cents per mile and travel expenses for family members are not allowed.
- ◆ Reimbursement for temporary lodging and meals at the new headquarters is allowed at the State employees travel reimbursement rate, for a maximum of 30 days. 14 of those 30 days may be used for house hunting.
- ◆ Reimbursement for up to \$200 for miscellaneous expenses such as utility connections is allowed.
- ◆ The State's reimbursement rules and policies do not cover expenses associated with the sale of the former residence for appointees new to State service. Reimbursement for the sale of a house is available to existing exempt and managerial employees, subject to limits.

The reimbursement expenses covered by the State cover only a portion of the actual costs incurred by the newly appointed individual and his or her family. This may act as a deterrent in attracting otherwise qualified applicants.

In response to this same issue, CalPERS, in April, 2000, approved policies and procedures that would allow for the reimbursement of the expense of selling the former residence (within limits for current excluded employees) and up to \$15,000 for out of pocket expenses as specified. A copy of the CalPERS policy is attached.

The question before the Board is whether or not to allow additional relocation expenses to newly hired exempt and managerial appointees.

**STAFF RECOMMENDATION:**

Staff recommends that the Teachers' Retirement Board approve the attached proposed policy authorizing additional relocation expense reimbursement for newly appointed exempt and managerial employees hired from outside State service.

BOARD OF ADMINISTRATION  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
RELOCATION EXPENSE REIMBURSEMENT  
POLICIES AND PROCEDURES  
{ April 19, 2000 }

This document is effective immediately upon adoption and is adopted pursuant to California Government Code sections 20093 and 20120, and California Constitution, Article 16, Section 17.

**I. PURPOSE**

This policy sets forth the circumstances under which the CalPERS Board, or its designated management staff, may obtain System reimbursement for out-of-pocket relocation expenses incurred by newly appointed exempt or managerial civil service employees hired from outside civil service. The policy augments policies and procedures in effect, within the California Code of Regulations, State Administrative Manual and through Department of Personnel Administration and Department of Finance memoranda, concerning reimbursement of the travel and moving expenses of persons with outside State service who are required to change their place of residence to accept employment with the State.

**II. OBJECTIVE**

In developing this policy, the Board is seeking to achieve and harmonize two objectives.

- A. To fulfill its constitutional duties to CalPERS participants to act (1) for the exclusive benefit of System beneficiaries, and (2) with the care, skill, prudence and diligence as would a prudent expert; and
- B. To fulfill its strategic goal of establishing CalPERS identity as a trustworthy, equitable, cost-effective, responsive and well managed organization.

### **III. POLICY AND PROCEDURES**

- A. Reimbursement for Relocation:** In addition to the reimbursement provided by State reimbursement rules and policies in effect on the effective date of this policy, CalPERS will reimburse appointees for outside of State service to exempt or managerial positions: 1) the expense of selling the former residence to the extent provided in State relation reimbursement rules and policies for current State employees excluded from collective bargaining; and 2) up to a total of \$15,000 for reasonable out-of-pocket expenses associated with the following relocation activities.

The reimbursement of necessary travel and per diem expenses for the new employee and spouse to complete house hunting.

The actual travel expenses of moving the employees and family members to the new residence.

The cost of transporting up to two motor vehicles and pets to the new residence.

Temporary living allowance at the level paid for current State employees excluded from collective bargaining.

Legitimate relocation-related miscellaneous expenses, including but not limited to, registering out-of-state vehicles in California

All such requests for reimbursement under the provisions of this policy must be itemized, accompanied by a proper invoice, and categorized to the appropriate activity above. All requests must be submitted to the Chief Executive Officer for approval. Requests applicable to the appointment of a new Chief Executive Officer must be submitted to the Performance and Compensation Committee for approval.

- B. Additional Reimbursement:** In the event the \$15,000 limit specified above is inadequate to cover the total of reimbursements otherwise authorized by this policy, the Chief Executive Officer may seek approval from the Performance and Compensation Committee. Requests for additional reimbursement must be in writing and must clearly describe (a) the purpose for the additional reimbursement, and (b) why the \$15,000 limit in this Policy was inadequate.

- C. Periodic Review: The Board will re-evaluate this Policy annually, considering any changes to State reimbursement amounts of procedures.

IV. **RESPONSIBILITIES**

- A. Except as otherwise specified within this document, the CalPERS Chief Executive Officer is responsible for implementing these policies and procedures.

## PROPOSED POLICY

### BOARD POLICY MANUAL SECTION 700 ADMINISTRATION

#### (D) Relocation Expenses

It is the Teachers' Retirement Board's Policy that individuals from outside State service newly appointed to exempt and managerial civil service positions, be fairly compensated for travel and relocation expenses. This policy provides that, in addition to the reimbursement provided by the State for excluded employees who are required to change their place of residence in order to accept employment, CalSTRS will provide the following:

- 1) Reimbursement for the sale of a residence, consistent with State rules and regulations for excluded employees.
- 2) Up to \$15,000 for reasonable out-of-pocket expenses in connection with:
  - ◆ Travel and per diem expenses for the new employee and spouse to complete house hunting.
  - ◆ Actual travel expenses for moving the employee family members and pets to the new residence
  - ◆ Costs for transporting up to two motor vehicles to the new residence.
  - ◆ Temporary living allowance at the level paid for current State employees excluded from collective bargaining.
  - ◆ Miscellaneous relocation related expenses as authorized by the Chief Executive Officer or Board Chairperson, such as registering out-of-state vehicles in California.

The Chief Executive Officer or the Board Chairperson, shall be responsible for approving all requests for reimbursement under this policy. Requests for reimbursement must be itemized, accompanied by a receipt, and cite the appropriate policy provision. Actual expenses exceeding the limits set forth above may be reimbursed with the approval of the Executive Compensation Committee. Such reimbursement request must clearly describe and document the additional need.